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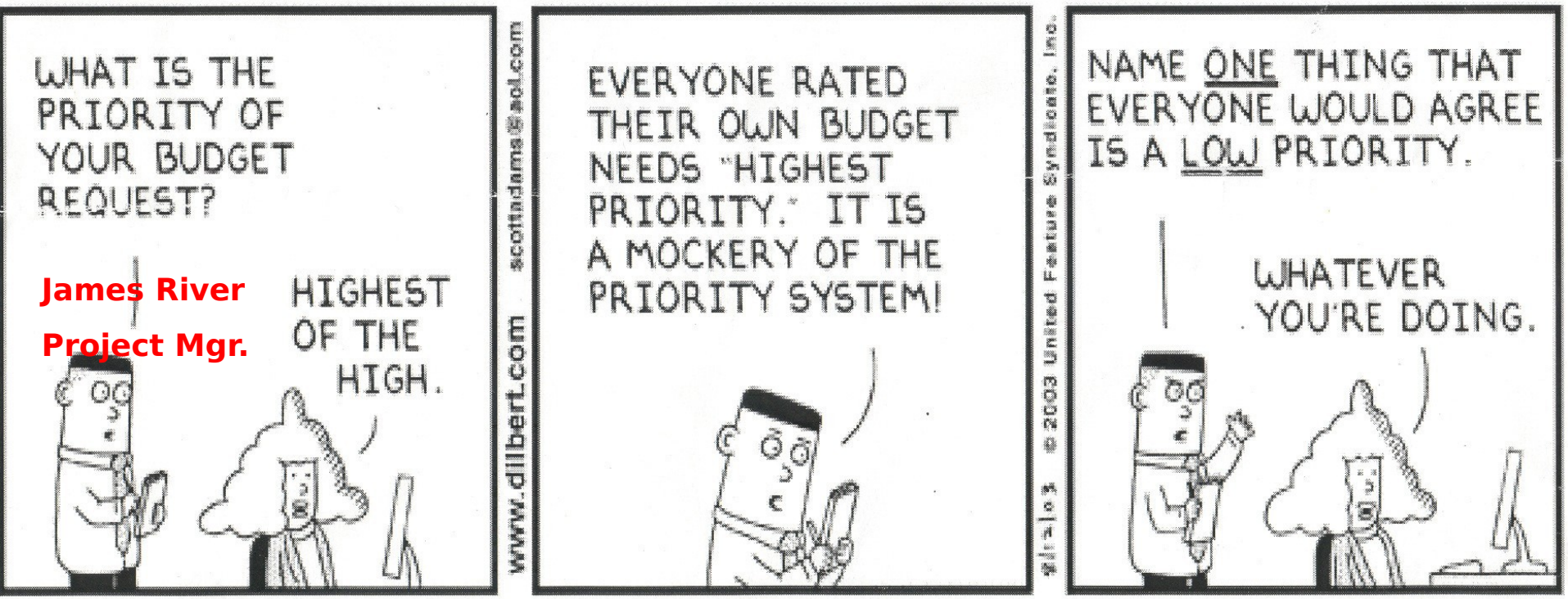
James River

Performance Based Budget for Navigation

James River Partnership Meeting

March 23, 200

ESTABLISHING THE PROGRAM


WHAT IS THE PRIORITY OF YOUR BUDGET REQUEST?
James River
Project Mgr.
HIGHEST OF THE HIGH.
www.dilbert.com scottadams@aol.com
EVERYONE RATED THEIR OWN BUDGET NEEDS "HIGHEST PRIORITY." IT IS A MOCKERY OF THE PRIORITY SYSTEM!
9/1-1/03 ©2003 United Feature Syndicate, Inc.
NAME ONE THING THAT EVERYONE WOULD AGREE IS A LOW PRIORITY.
WHATEVER YOU'RE DOING.

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Budget Formulation

TRADITIONAL APPROACH:

- By account (Studies, Design/Construction/O&M, etc.)
- Geographic balance considered
- Funding shortages spread across nearly all activities

BUDGETING BY PERFORMANCE:

- By business program
- Funding distributed based on outcomes
- Highest priority work funded at an efficient rate
- Lower priority work may be deferred

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Budget Development Concepts

OLD	*NEW*
Accounts	*Business Lines*
Account Managers	*Business Managers*
Regional "Pots"	*Performance Measures*
Account "Pots"	*Prioritization*
	Nothing Sacred

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Performance-Based Budgeting Approach

Set budgets by business program based on performance

Use performance measures to:

- Rank competing projects in each business program
- Demonstrate improved results from added increments
- Start with a “minimum” program for each business program
- Add well-justified increments up to “ceiling” (funded program)
- Develop “recommended” program with increments above ceiling

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Business Program Structure

Navigation

Flood Damage Reduction

Environment

- Aquatic Ecosystem Restoration
- Stewardship
- Formerly Utilized Sites Remedial Action Program (FUSRAP)

Hydropower

Recreation

Water Supply

Flood Control and Coastal Emergencies

Regulatory Program

Support For Others

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Corps Navigation Mission

Provide safe,reliable,efficient,effective and environmentally sustainable waterborne transportation systems for movement of commerce, national security needs, and recreation.

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High-Use and Low-Use

- **HIGH USE**
  - Deep-draft (includes James River 25-Ft. Channel)
  - High use shallow draft
  - Inland waterways
- **SHALLOW DRAFT**
  - Low use Deep draft
  - Low use shallow draft
  - Low use waterways

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O&M Navigation Objectives and Performance Measures

Objective: Operate and manage the navigation infrastructure so as to maintain justified levels of service in terms of the availability to commercial traffic of high-use navigation infrastructure (waterways, harbors, channels).

Measure: % of time navigation infrastructure with high levels of commercial traffic sustains its functional purpose.

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FY 06 Performance Metrics

- BCR - the benefit cost ratio for project
- Commercial tonnage
- Percent reduction in delay costs (inland only)
- Sys Ton-mi - the total tons X the total distance from origin to destination
- Other proj. purpose - other purposes (outputs) associated with this project

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FY 06 Performance Metrics

- percentage of time project is available to perform as designed without limits from deferred maintenance, etc
- Pub Health/Safety - critical hazardous situation, imminent failure resulting in severe consequences to public
- Consequences - what is impact if not funded
- Remarks - additional information to support budget request that is not in the other fields

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FY 06 Ranking Criteria

O&M – items ranked high

- "Normal" Operations of high use
- "Normal" Maintenance of high use
- Compliance items
- Project Condition Surveys
- Caretaker status
- Subsistence harbors
- Safety issues

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FY 06 James River Metrics

Metrics Used: Commercial Tonnage, Consequences

Consequences

- **Shoals will form and force vessel draft restrictions**
- **Increased transportation costs estimated at over $5 million annually for just 2 feet of shoaling**
- **Estimated lost Port revenues of over $2 million annually if the channel is not maintained adequately.**

Commercial tonnages on the James River have averaged 5.9 million tons for the last 5 years of record.

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FY 06 James River

President's Budget

- Received "must have" amount for Maintenance
- Received amount for Project Condition Surveys
- Total $3,295,000

Capability Amount

- Additional capability $ 795,000
- Total capability $4,090,000

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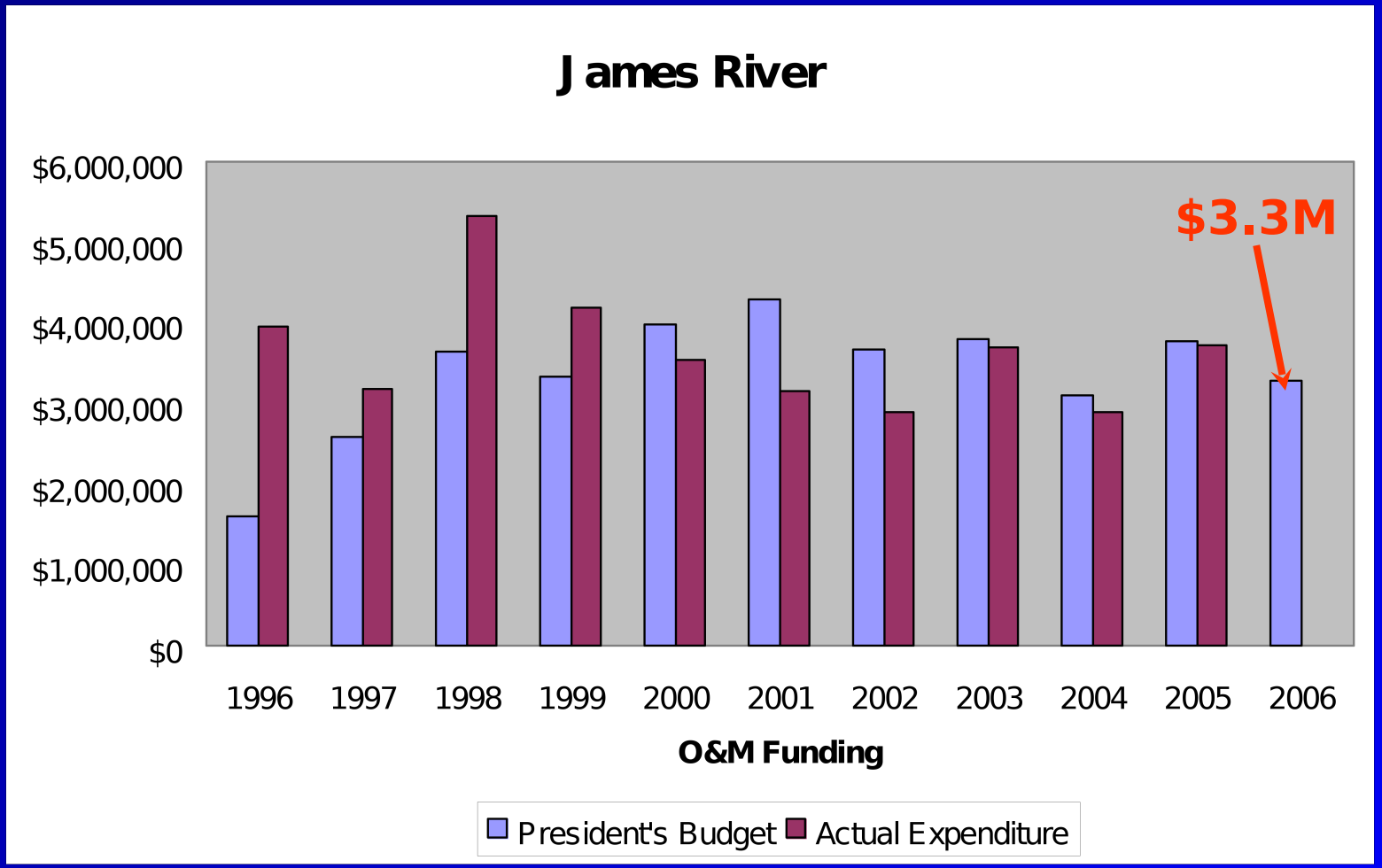
James River Funding Trend



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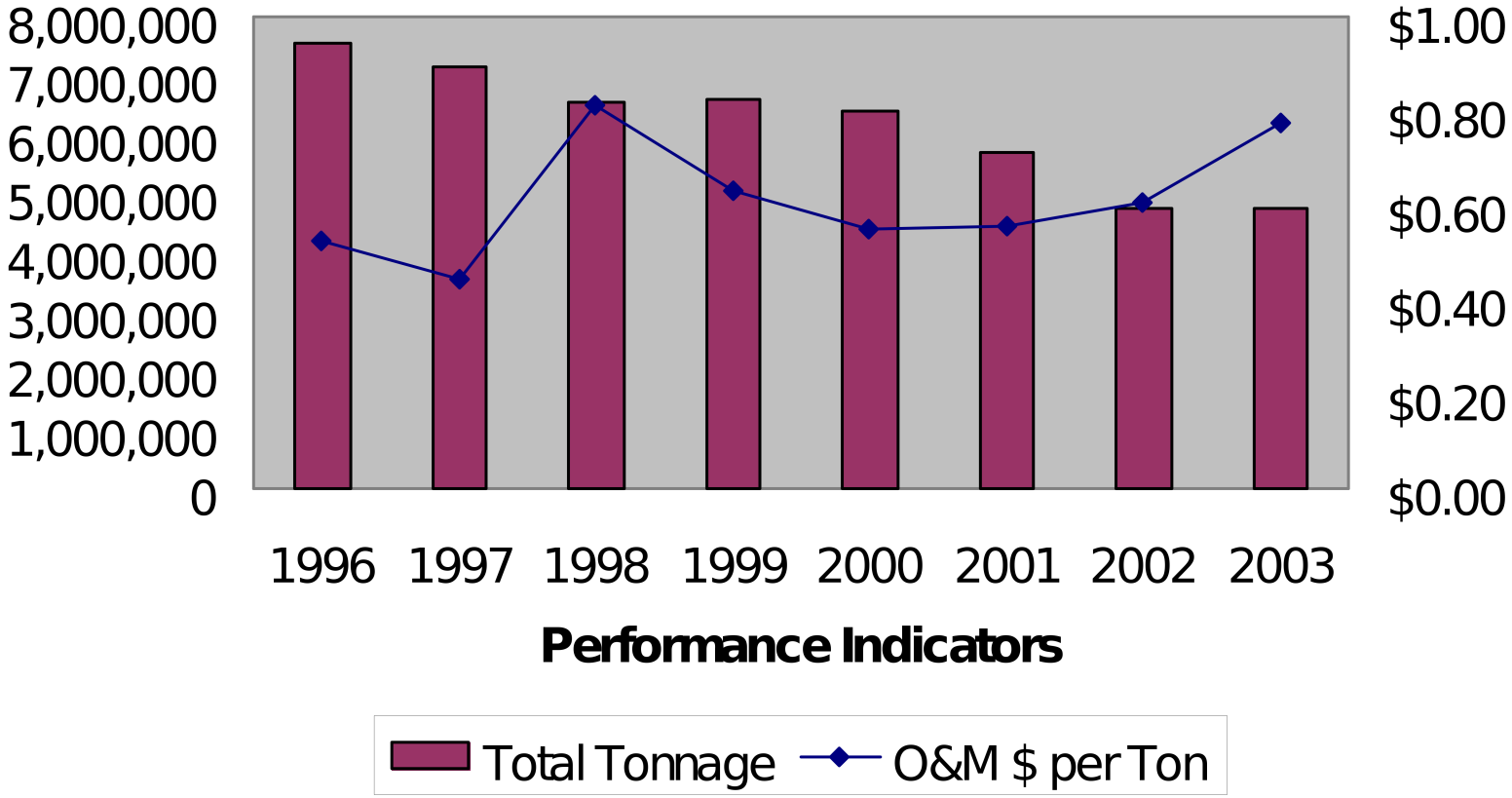
James River Metrics



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James River
Comparison of Tonnage to other East Coast Ports
(Millions of Tons, 2003 data)

By Port/Harbor		By State		By District	
New York, NY	145.3	NY	99.4	New York	157.3
Philadelphia, PA	128.0	PA	104.4	Philadelphia	132.5
Wilmington, DE	5.7	DE	42.1		
Baltimore, MD	36.9	MD	47.5	Baltimore	49.2
Norfolk Harbor, VA	30.3	VA	50.0	Norfolk	75.1
James River, VA	4.8				
Wilmington, NC	8.0	NC	10.2	Wilmington	10.2
Charleston, SC	24.9	SC	27.8	Charleston	27.8
Savannah, GA	22.9	GA	25.4	Savannah	25.2

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James River
Comparison of O&M Cost per Ton to other East Coast Ports
($ per Ton, 2003 data)

By Port		By State		By District	
New York, NY	$0.02	NY	$0.23	New York	$0.23
Philadelphia, PA	$0.17	PA	$0.41	Philadelphia	$0.36
Wilmington, DE	$0.99	DE	$0.04		
Baltimore, MD	$0.21	MD	$0.56	Baltimore	$0.35
Norfolk Harbor, VA	$0.33	VA	$0.47	Norfolk	$0.34
James River, VA	$0.78	VA	$0.47		
Wilmington, NC	$0.55	NC	$2.68	Wilmington	$2.68
Charleston, SC	$0.44	SC	$0.88	Charleston	$0.86
Savannah, GA	$0.60	GA	$0.87	Savannah	$0.68
				Jacksonvill	

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James River
Comparison to other East Coast Projects
(2003 data)

	Tons	$ per Ton
Brunswick, GA	2,148,000	$1.15
Cape Cod Canal, MA	8,591,000	$0.79
Georgetown, SC	2,760,000	$1.25
James River, VA	4,767,000	$0.78
Morehead City, NC	2,099,000	$1.52
Palm Beach, FL	4,327,000	$0.68

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Performance Summary James River

James River 25-Ft. Channel is "High Use" Commercial Navigation

- Strong Metrics for first "must have" increment
- Additional support needed for next funding increment
- Consequences of not dredging – must be very specific

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James River 18-ft. Channel Metrics

Commercial Navigation – 18 Ft. Channel

- 3 facilities w/ 4 operators shipping gasoline, diesel, fuel oil and asphalt.
- Vessel drafts 8 to 18 feet, most are less than 15 feet.
- Approx. 10 to 14 trips per month in the 18-Ft. channel.
- Safety Issue – recent grounding at turning basin.

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Performance Summary James River

- James River 18-Ft. Channel is borderline “High Use/Low Use” and Deep Draft/Shallow Draft
  - Additional support needed for funding the maintenance of this channel segment.
  - Need more information on:
    - Trips and drafts of vessels.
    - Tonnages.
    - Safety issues.
    - Consequences of not dredging.

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Questions?

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